

NATIONAL DAIRY MARKET AT A GLANCE

At the Chicago Mercantile Exchange (CME), all grades of butter are unchanged: Grade AA is \$1.3450; Grade A is \$1.2500; and Grade B is \$1.2400. Also at the CME, barrel cheese decreased 2 cents to \$1.2775 and 40# blocks decreased 3 1/2 cents to \$1.3500.

The February 1998 Consumer Price Index (CPI) for all food is 159.4, up 1.9% from February 1997. The dairy products index, at 147.7, is 1.0% higher than a year ago. The February to February changes in selected dairy products are: fresh whole milk +1.6%, cheese -0.3%, and butter +16.1%.

During 1997, sales of fluid milk products in Federal Milk Order Marketing areas and California totaled 49,845 million pounds, 1.8% less than 1996 marketings of 50,743 million pounds. Of the total 1997 marketings, Midwest area sales represented 28.7%, Far West 24.4%, Northeast 19.3%, Southeast 18.6%, and Southwest 8.9%.

According to NASS, U.S. cold storage holdings of butter on February 28, 1998 total 44.1 million pounds, 29.0% heavier than January and 22.5% more than February of last year. Natural American cheese holdings total 405.0 million pounds, 1.6% lighter than last month, but 6.7% more than February 1997. NDM holdings for January total 128.0 million pounds, 2.4% heavier than December 1997 and 70.7% heavier than January 1997. Of the NDM holdings, 81.2% of the stocks are held commercially with 18.8% held by the government.

During 1997, the all market annual average mailbox price for selected Federal Milk Orders was \$12.99, \$1.29 lower than the 1996 average of \$14.28, but \$.86 higher than the \$12.13 average for 1995. For 1997, selected orders in the Northeast averaged \$12.91, Southeast \$14.37, Midwest \$13.04, and West \$12.29.

Milk production patterns throughout most of the U.S. are steady to increasing at various levels. In the Northeast, Middle Atlantic, and Southeastern

areas, milk output is steady to slightly heavier. In Florida, milk handlers are stating that milk production may have reached its peak and is holding steady. In the Midwest, weather conditions are nearly ideal for early spring milk increases. California production is showing a pronounced rebound following 7 - 9 days of warm and dry weather. Some producers are estimating around a 5% increase when compared to as recently as two weeks ago. In the Northwest, milk production is strong because of ideal production conditions. Good supplies and quality of year end feed stocks are contributing to a strong start to the spring flush. Cream markets are firmer this week as producers of Class II items increase production schedules for upcoming Easter needs.

Dry dairy product markets are following trends of past weeks. Nonfat dry milk markets remain weak with prices unchanged to slightly lower. Production levels are moderate to heavy and plant stocks are ample. Surplus stocks continue to be offered to CCC. Buttermilk powder markets are generally steady at unchanged prices. Production levels are lighter as some plants are busy drying skim and have little dryer time available for buttermilk. Whey markets are mixed. The market tone in the Midwest and East is steady to weaker while steady to firm in the West. Stock levels range from balanced to ample. Export activity is absorbing good offerings to keep the overall market balanced.

During the week of March 23 - 27, CCC purchased 934,511 pounds of NDM under the price support program.

****SPECIAL THIS ISSUE****

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BUTTER MARKETSCHICAGO WHOLESALE

Dollars per pound, trucklot, bulk in fiber boxes, delivered metropolitan area, prices include CCC purchase price whenever bulk butter is moving to CCC from the Midwest area.

GRADE	MARCH 24	MARCH 26	MARCH 27
AA	\$1.3350 - 1.3450	\$1.3350 - 1.3450	\$1.3350 - 1.3450
A	\$1.2400 - 1.2500	\$1.2400 - 1.2500	\$1.2400 - 1.2500
(+.0050) (+.0050):CORRECTION: The AA price for all dates			
() Change from previous price. in report 11 should be \$1.3350-1.3450.			

BUTTER HIGHLIGHTS: In cash trading at the Chicago Mercantile Exchange, all grades of butter are unchanged. Butter markets continue to be unsettled and weak. Churning schedules are seasonally active, although cream supplies are somewhat less available due to improved Class II demand. Butter stocks are reported to be readily available for current good demand. Food service and retail stores continue to place good orders as the Lenten season continues and the Easter and Passover holidays approach.

CHEESE MARKETSWISCONSIN ASSEMBLY POINTS

Dollars per pound, standard moisture basis (37.8-39.0%), carlot/trucklot, F.O.B. plants or storage centers, prices include CCC purchase price whenever cheese is moving to CCC from the Midwest area.

CHEDDAR STYLES	MARCH 23 - 27, 1998
BARRELS*	\$1.2875 - 1.3175 (NOMINAL) (-.0550) (-.0575)
40# BLOCKS	\$1.3750 - 1.4150 (NOMINAL) (-.0100)

() Change from previous week. * If steel, barrel returned.

CHEESE HIGHLIGHTS: The cheese market is weak. At the Chicago Mercantile Exchange, 40# blocks declined 3.5 cents to \$1.3500 and barrels declined 2 cents to \$1.2775 in light to moderate trading. Buyers are cautious, limiting purchases to short term needs, in case of additional weakness. Cheese production is steady to slightly heavier, reflecting seasonal increases in milk receipts. The summary of CCC cheese purchase awards is found on page 11 of this report.

CHICAGO MERCANTILE EXCHANGEBUTTER TRANSACTIONS ON FRIDAY, MARCH 27, 1998

(CARLOT UNIT = 40,000 - 42,000 LBS.)

GRADE	PRICE CHANGE	LAST SIGNIFICANT TRANSACTION - LST
AA	N.C.	\$1.3450 : SALE 03/27/98
A	N.C.	\$1.2500 : BID 03/20/98
B	N.C.	\$1.2400 : BID 03/13/98

SALES: 17 CARS GRADE AA: 1 @ \$1.3375, 8 @ \$1.3400,
3 @ \$1.3425, 2 @ \$1.3450,
2 @ \$1.3425, 1 @ \$1.3450 (LST)

BIDS UNFILLED: 4 CARS GRADE AA: 1 @ \$1.2700, 1 @ \$1.3375,
1 @ \$1.3425, 1 @ \$1.3450

2 CARS GRADE A: 1 @ \$1.1900, 1 @ \$1.2400

OFFERS UNCOVERED: 1 CAR GRADE AA @ \$1.3775

CHEESE TRANSACTIONS ON THURSDAY, MARCH 26, 1998

(CARLOAD UNIT = 40,000-44,000 LBS.)

CHEDDAR STYLES	PRICE CHANGE	LAST SIGNIFICANT TRANSACTION
BARRELS	-.0200	\$1.2775 : OFFER 03/26/98
40# BLOCKS	-.0350	\$1.3500 : SALE 03/26/98

SALES: 21 CARS 40# BLOCKS: 11 @ \$1.3825,
4 @ \$1.3800, 2 @ \$1.3775, 4 @ \$1.3500 (LST)

BIDS UNFILLED: 1 CAR 40# BLOCKS @ \$1.3000

OFFERS UNCOVERED: 10 CARS BARRELS: 1 @ \$1.3525,
4 @ \$1.2975, 3 @ \$1.2875, 2 @ \$1.2775 (LST)

2 CARS 40# BLOCKS @ \$1.3825

NOTE: CME cash butter and cheese trading will start at 9:30AM and 12:15PM Central Time, respectively, on April 9, 1998

CONSUMER PRICE INDEX (CPI-U) AND AVERAGE RETAIL PRICES FOR SELECTED PRODUCTS, U.S. CITY AVERAGE 1/

Month and Year	All Food		Dairy Products		Fresh Whole Milk		Cheese		Butter		Meat, Poultry, Fish and Eggs	
	CPI <u>2/</u>	Pct. Chg. <u>3/</u>	CPI <u>2/</u>	Pct. Chg. <u>3/</u>	CPI <u>2/</u>	Pct. Chg. <u>3/</u>	CPI <u>2/</u>	Pct. Chg. <u>3/</u>	CPI <u>2/</u>	Pct. Chg. <u>3/</u>	CPI <u>2/</u>	Pct. Chg. <u>3/</u>
DEC 1997	158.7	1.5	147.8	-0.5	145.8	-1.7	148.3	-1.2	128.2	12.6	148.4	-1.1
JAN 1998	159.9	2.2	148.3	0.3	145.6	-0.7	148.5	-0.5	124.7	13.2	148.3	-0.9
FEB 1998	159.4	1.9	147.7	1.0	146.3	1.6	148.3	-0.3	126.2	16.1	147.5	-0.9
U.S. City Average Retail Prices												
Month	Whole Milk <u>4/</u>		Lowfat Milk <u>4/</u>		Butter <u>5/</u>		Process Cheese <u>6/</u>		Natural Cheese <u>7/</u>		Ice Cream <u>8/</u>	
	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1996
	Dollars											
DECEMBER	2.672	2.727*	2.409	2.526*	2.460	2.173	3.439	3.592*	3.458	3.085*	3.022	2.940*
	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997
JANUARY	2.632	2.677*	2.577	2.517*	2.353	2.092*	3.539	3.536*	3.518	3.102*	3.041	2.947*
FEBRUARY	2.653	2.632	2.589	2.481	2.321	2.056	3.475	3.471	3.507	3.500	2.998	2.928

*CORRECTION - figures reported last month for December 1996 were December 1995 figures and figures reported last month for January 1997 were January 1996 figures.
 NA = Not available. 1/ "CPI Detailed Report," "Consumer Prices: Energy and Food," BLS, U.S. Department of Labor. According to BLS, average prices are best used to measure the price level in a particular month. To measure price change over time, the CPI is more appropriate. 2/ The standard reference base period for these indexes is 1982-1984 = 100. 3/ Percent change over previous year. 4/ Per gallon. 5/ Per pound. Grade AA, salted, stick butter. 6/ Per pound, any size and type of package. 7/ Per pound, cheddar cheese in any size and type of package and variety (sharp, mild, smoked, etc.). 8/ Per 1/2 gallon, prepackaged regular.

PRINT BUTTER MARKETS - GRADE AA**NORTHEAST**

Prices are unchanged and the market tone remains unsettled and weak. Production levels are moderate to heavy in the East and trade contacts report no difficulty finding butter to fill their needs. For the most part, orders for print butter are seasonally fair to improved for the upcoming Easter and Passover holidays. Most distributors are ordering only enough prints to "get them through" another week. They feel that butter prices will soon drop and they don't want to be caught with too much inventory. Retail sales are just fair. Food service orders are improved as restaurants prepare for the typically good Easter weekend.

WHOLESALE PRICES: MIN 25 BOXES
DOLLARS PER POUND, DELIVERED EAST COAST CITIES

1/4 LB. PRINTS	:	1.5550-1.8025
1 LB. PRINTS	:	1.4700-1.6525
CHIPS/PATTIES	:	1.5325-1.7400
REDDIES	:	1.6075-1.8025
CONTINENTALS	:	1.6875-1.8625

CENTRAL

Print butter prices are unchanged although the market tone remains unsettled and weak. Stocks of butter are reported to be in good balance for current needs. Good Lenten/Easter orders continue to be placed and shipped. Butter handlers anticipate orders to remain strong into next week as Easter is still a few weeks away. Scattered retail feature activity is scheduled to run during the next few weeks, prior to Easter, and is expected to clear good volumes of print butter. Production schedules have been seasonally active up to this point, but cream supplies are somewhat less available as production of other cream based holiday items is absorbing additional volumes of cream.

FOB CENTRAL STATES PLANTS: MIN 20,000 POUNDS, \$ PER POUND

1/4 LB. PRINTS	:	1.4450-1.8525
1 LB. PRINTS	:	1.4100-1.5725
CHIPS/PATTIES	:	1.4350-1.6450
REDDIES	:	1.5200-1.7550
CONTINENTALS	:	1.6750-1.8650

WEST

No price changes are noted this week for Western print butter. Most producers are satisfied with the sales activity related to the upcoming Easter holiday. Most product will need to be on the road by the end of the week to be in position for Easter retail sales activity. Ads are beginning to show up featuring print butter. Bulk interest is good enough to keep stocks in a good working balance. Cream is available over most of the region. Some added milk is becoming available as schools close over different periods of time for spring breaks. Cold storage holdings of butter at the end of February total 44.1 million pounds, up 22% from last year and up 29% from the previous month. Stock levels have been increasing for the last three months.

WHOLESALE SELLING PRICES: DELIVERED WESTERN CITIES
150 - 1000 POUNDS, DOLLARS PER POUND

1/4 LB. PRINTS	:	1.6250-1.6925
1 LB. PRINTS	:	1.5550-1.6200
PATTIES	:	1.5975-1.7625
REDDIES	:	1.7225-1.7400

FOB CALIFORNIA PLANTS - GRADE AA
100 CASES AND UP, DOLLARS PER POUND

1/4 LB. PRINTS	:	1.3400-1.3900
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WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	: CHEESE
		:
03/23/98	9,269	: 109,535
03/01/98	10,052	: 106,651
CHANGE	-783	: +2,884
% CHANGE	-8	: + 3

NASS CHEDDAR CHEESE PRICE SURVEY

WEEK ENDING	40# BLOCKS		640# BLOCKS		BARRELS (adjusted to 39% moisture)		
	MN/WI	WEST	U.S.	U.S.	MN/WI	OTH STATES	U.S.
MARCH 20	855,993	4,189,886	5,339,374	1,519,954	3,862,602	5,648,343	9,510,945

Further data may be found on the Internet at: <http://usda.mannlib.cornell.edu/reports/nassr/price/cheddar/>

CHEESE MARKETS

NORTHEAST

Natural and Swiss prices are unchanged; process prices are as much as 5 1/2 cents lower. The market tone is steady to weak. Distributors/traders feel that prices will fall further in the near future and most don't want too much inventory on hand. Production levels are moderate to heavy. Increasing volumes of milk are available to Eastern cheese makers and most are running at or near capacity. The manufacturers also don't want to build inventories at current prices. Demand for cheese is slow to fair and cheese offerings are more than ample to fill any orders.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.4450-1.8675
Cheddar Single Daisies	:	1.4150-1.8725
Cheddar 40# Block	:	1.5225-1.6825
Process 5# Loaf	:	1.5075-1.7100
Process 5# Sliced	:	1.5275-1.7200
Muenster	:	1.5650-2.0025
Grade A Swiss Cuts 10 - 14#	:	2.2500-2.5050

MIDWEST

The cheese market is unsettled, with a weak undertone. At the Chicago Mercantile Exchange on March 19, the 40# block price was steady at \$1.3850 but barrels declined 5.5 cents to \$1.2975. Despite the decline, the Merc barrel price remains 4.25 cents above the comparable week in 1997 at the National Cheese Exchange. Blocks are 6 cents above the comparable week last year. While block prices have held up surprisingly well according to most trade sources, the wider spread (8.75 cents) is again hurting barrel producers' profitability when competing for milk. The wide spread, if sustained, increases milk volumes entering natural production at the expense of barrels. Barrel offerings are at least adequate for the spotty, fair at best demand. Process sales are generally slower. A few cutters have seen improvement in orders while others have reduced operating schedules. Soft styles sales (brick/muenster) have slowed with some discounting occurring to keep inventories from accumulating. Mozzarella sales are mixed with some very competitive prices available at some locations. Milk and cheese production are increasing at least seasonally.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.4975-1.7600
Brick And/Or Muenster 5#	:	1.6900-1.8425
Cheddar 40# Block	:	1.6350-1.9150
Monterey Jack 10#	:	1.8350-1.9150
Blue 5#	:	1.9875-2.2300
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.7600-1.9150
Grade A Swiss Cuts 6 - 9#	:	2.2800-2.4850

WEST

Process cheese prices range from steady to sharply lower. Natural and Swiss prices are holding steady. Western contacts are wondering how long the wide spread between barrels and blocks can last. Barrels and other processing solids are becoming more available. Current blocks are in a tighter position. Cold storage holdings of American cheese at the end of February total 405.0 million pounds, up 7% from last year but 2% lower than last month.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.4700-1.7100
Cheddar 40# Block	:	1.5675-1.7300
Cheddar 10# Cuts	:	1.7500-1.9075
Monterey Jack 10#	:	1.7150-1.8700
Grade A Swiss Cuts 6 - 9#	:	2.3375-2.5600

FOREIGNTYPE

Prices and the market tone are unchanged. Imports are light to moderate as most importers purchased heavier volumes late in 1997 and many have adequate stocks to carry them into the second quarter. Also, current prices in the EU and currency exchange rates are cited as reasons for the slower imports. Demand for table cheeses is improved slightly for Easter and Passover, but overall demand is just fair.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Roquefort	: 5.5000-6.8900	: -0-
Blue	: 2.6400-3.1400	: 1.7200-2.3300
Gorgonzola	: 3.2400-5.9400	: 2.3850-2.4950
Parmesan (Italy)	: TFEWR	: 3.1300-3.1675
Romano (Italy)	: 2.0900-2.9000	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 1.3925-1.9200
Romano (Cows Milk)	: -0-	: 2.9175-3.1700
Sardo Romano (Argentina)	: 2.6500-3.2900	: -0-
Reggianito (Argentina)	: 2.6500-3.2900	: -0-
Jarlsberg-(Brand)	: 2.7400-3.1200	: -0-
Swiss Cuts Switzerland	: -0-	: 2.2500-2.5050
Swiss Cuts Finnish	: 2.5900-2.8500	:
-0-		
Swiss Cuts Austrian	: 2.2500-2.7500	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-3.0900	: -0-
Gouda, Large	: 2.3900-3.1500	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

* = Price change.

FLUID MILK AND CREAM

E A S T

Milk production is mostly steady throughout much of the region. Florida contacts feel that they may have reached their peak and are holding at those levels. Last weekend's storm that covered much of the East with rain and snow retarded milk production gains in most areas. In the Northeast, Middle Atlantic and Southeastern areas, milk output is steady to slightly heavier. Fluid supplies are more than ample for Class I needs and manufacturing plants are near capacity. Bottled milk sales are reported in a wide range of slow to fairly good. Some contacts are mildly surprised by the jump in bottlers' demand for milk. More reports of good Class I demand have been noted. Florida handlers report a rather substantial jump (25-30 loads) in milk demand from bottlers. However, they are still shipping 40+ loads out of state to manufacturing plants in other orders. There is also a good demand for milk from Class II product producers as they fill Easter/Passover needs. Surplus milk volumes are moderate to heavy and most plants are running a little heavier than expected. There is concern about milk volumes during the flush and more contacts are making plans to have outlets for their milk. The condensed skim market is steady and offerings are heavy for the slow to fair demand. Prices are unchanged, but often nearer the lower half of the range. The fluid cream market is a little firmer this week. Offerings are tightest early in the week; fully adequate by the week's end. Spot prices are slightly higher because of the fractional increase in Grade A butter at the CME. Demand from producers of sour cream, cream cheese and bottled cream is fairly good as demand for these products usually increases during the Easter/Passover holidays. Ice cream output is about steady and sales seasonally slow to fair. Churning activity is moderate to heavy.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. Producing Plants: Northeast	-	1.6500 - 1.7875
Delivered Equivalent Atlanta	-	1.6000 - 1.8896 M 1.6250 - 1.7250
F.O.B. Producing Plants: Upper Midwest	-	1.6500 - 1.7500

PRICES OF CLASS II CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. Producing Plants: Northeast	-	1.0000 - 1.1700
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M I D W E S T

WISCONSIN SPOT SHIPMENTS:

SPOT SHIPMENTS:	LOADS
MARCH 20 - 26, 1998	0
PREVIOUS WEEK	0
COMPARABLE WEEK IN 1997	0

Class I interest was steady to generally slower, quite normal for the last week of the month. Manufacturing milk interest is about steady. Spot prices for manufacturing milk are generally slightly lower reflecting slight increases in offerings from local bottlers. Spot prices are mostly in the flat class/MCP to 50 cents over area. Reports of spot milk supplies moving from the east or south to find a home in an upper Midwest manufacturing plant have been limited in the past few weeks. Retail promotions on various Class II products such as cottage cheese are also utilizing some extra milk. Ice cream and holiday item production such as dips, has been seasonally active. Cream prices are little changed beyond the increase in the butter price at the Chicago Mercantile Exchange. The relatively "high" cream prices continue to

hamper producers trying to build a sizeable preseason ice cream inventory at lower prices. Milk intakes are increasing slightly at most locations. Milk production is farther along toward the annual spring peak in states further south. More seasonal spring weather has returned to the upper Midwest including temperatures reaching into the 50's and 60's. The spring green up is thus far limited in the upper tier of states though some early pasturing is occurring to extend hay/feed supplies. Few, if any, tractor wheels have turned to work or seed spring crops in northern states.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	MARCH 20-25	PREVIOUS YEAR
SLAUGHTER COWS	\$ 35.00- 40.00	\$ 36.50- 41.50
REPLACEMENT HEIFER CALVES	\$120.00-160.00	\$110.00-150.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	MARCH 20-25	PREVIOUS YEAR
SLAUGHTER COWS	\$ 36.50- 42.50	\$ 35.50- 40.00

W E S T

February pool receipts of milk in California total 1.98 billion pounds, up 2.8% from last year. Cumulative output for the first two months of 1998 totals 4.2 billion pounds, up 5.8% from the same period in 1997. The blend price at a fat test of 3.84% is up 58 cents from January, at \$14.07. The percentage of receipts used in Class 1 products is 25.42%. The February quota price is \$14.61, up 49 cents from last month, and up \$1.12 from last February. The base and overbase price is \$12.91, also 49 cents higher than last month and \$1.12 above a year ago. California production is showing a pronounced rebound following 7 to 9 days of warm, dry weather over most of the major milk producing areas. Several producers were estimating around a 5% increase when compared to as recently as two weeks ago. Optimism has been restored about the ability of milk cows to rebound from conditions surrounding the record rainfall. Muddy feedlots are still common, but were drying out. Herd health problems are declining in most areas earlier affected. Rain returned to many areas at midweek, but has not yet impacted milk receipts. Cream offerings are abundant and multiples are being lowered. Sales continue out of region to ice cream producers. Butter churners are not aggressively pursuing cream. There remains concern about butter prices dropping at the CME. Spring weather patterns continue to unfold in the Pacific Northwest. Warm temperatures and spring showers are common. Conditions are at least 2-3 weeks ahead of normal. People are speculating that it is probably too late now for a killing frost. Pasture management remains a problem. Conditions are ideal for good growth, but are too wet to graze efficiently. Many pastures are too mature for optimal feed value, but nothing can be done about it because of the soft, muddy conditions. Milk production is strong in the region because of the ideal production conditions. More good quality hay is being offered out of barns to try and clean up last year's production before the early new crop begins appearing. Prices continue to soften slowly. Grain prices are also edging lower with more producers contracting ahead to cover their feed needs. Demand for heifers is increasing in the region. Buyers are coming up from California and bidding up local prices. California producers are trying to replace cattle lost directly and indirectly to the very wet conditions of a few weeks ago. The muddy conditions that were common over much of Utah and Idaho are improving rapidly. Warm, windy conditions have helped to dry things out. Once things have dried out, feed lots are able to take some rain without causing as many problems. So far, no one seems to be very concerned about any problems in handling this year's spring flush even with record high milk production increases noted. Some concern is noted for spring 1999.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 03/26/98 and represent FOB Central and Western production areas. Prices represent CL/TL quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL

Nonfat dry milk prices are mostly steady to lower on the top end of the range. The market undertone remains weak. Producer offerings are available and often filling local needs. Resale loads are also being offered, but the stiff competition is allowing for limited margins. Resellers are not anxious to take the price risk of a truckload of NDM for a few hundred dollars' margin. Drying schedules are showing increases in several locations. Midwest offerings to the CCC under the price support program totaled 221,508 pounds last week. Further offerings are expected to balance inventories.

Includes EXTRA GRADE and GRADE A, all heat treatments

NONFAT DRY MILK: 1.0200 - 1.0700 MOSTLY: 1.0375 - 1.0425

DRY BUTTERMILK - CENTRAL

Dry buttermilk prices are unchanged and the market tone is unsettled in generally light market trading. Buying interest is limited to contract commitments and few spot trades are taking place. The seasonal trend toward condensed buttermilk usage continues to develop. Drying schedules vary depending on butter churning levels and sales of condensed buttermilk. Producers' stock levels are stated as mainly light to moderate.

BUTTERMILK: .9325 - .9675

DRY WHEY - CENTRAL

Dry whey prices are lower as the market undertone remains weaker. The market is not fully tested. Several producers lowered prices this week to clear or prevent building inventories. Some producers continue not to quote prices, but are accepting bids. Buyers are more reluctant to make additional purchases beyond current needs. Export demand is slow to redevelop for both Asia and Mexico. Feed accounts are taking little additional whey because of depressed hog markets. The resale market is also very slow. Whey stocks are light to moderate and are building at a number of facilities.

NONHYGROSCOPIC: .2200 - .2500 MOSTLY: .2325 - .2375

ANIMAL FEED WHEY - CENTRAL

All animal feed whey prices are unchanged and nominal. Market activity is slow. Offerings are limited, but, most often met with light demand. Demand from feed accounts is lower, especially from hog feed producers. Veal and milk replacer accounts are better, but often mixed. Stocks are generally limited.

MILK REPLACER:	.1900 - .2300
STANDARD:	.1800 - .2100
ROLLER GROUND:	.2500 - .2550
DELACTOSE (Min. 20% protein):	.3400 - .3675

LACTOSE - CENTRAL AND WEST

Lactose prices are holding mostly steady. Contacts continue to negotiate contract prices for the second quarter. Pricing levels are indicated to be little changed for the new contracts. Higher prices are meeting resistance. Production levels are adequate to fill all current orders. Offerings of off-grade lactose are appearing on the market more readily than in recent weeks and are providing an alternative to some animal feed accounts. Edible stock levels are in good balance at most location.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

EDIBLE: .1800 - .2600 MOSTLY: .2150 - .2250

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Whey protein concentrate prices are lower on the top and bottom of the range, but the mostly is unchanged. The market tone is weakening. Additional producer offerings are being made, but asking prices are trying to be held. These loads are not readily moving. Producers are more open to bids and indications are that prices will have to be lower to move WPC. Demand is lighter than in previous weeks as buyers remain cautious. Production levels are increasing seasonally. Prices and the market tone are steady. Stock levels vary, but are fully adequate to long of current needs.

EXTRA GRADE 34% PROTEIN: .5700 - .6200 MOSTLY: .6025 - .6075

NONFAT DRY MILK - WEST

The top end of the low/medium heat range declined and the high heat range remains unchanged. The market tone continues to be weak. Demand for NDM remains light with limited trading noted beyond current domestic and DEIP contracts. Spot loads are harder to move as producers in other regions lower prices and are keeping local buyers. Production remains strong in the region and is expected to increase as milk supplies grow. Plant inventory levels remain long. CCC adjusted NDM purchases under the price support program during the week of March 16 - 20 totaled 2.6 million pounds.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: 1.0100 - 1.0450 MOSTLY: 1.0200 - 1.0300
HIGH HEAT: 1.0450 - 1.0600

DRY BUTTERMILK - WEST

Prices and the market tone are steady. The market is best described as balanced. Buying interest is seldom better than fair and being met with limited producer offerings. Producers' attempts to increase asking prices have resulted in few sales. Prices are having to be adjusted to maintain sales. Production levels are limited, often due to lighter churning schedules and the better sales of condensed buttermilk. Inventories are mostly light.

BUTTERMILK: .9000 - .9325 MOSTLY: .9100 - .9200

DRY WHEY - WEST

Western range and mostly prices continue to strengthen. Producer stocks are closely balanced. Export activity is absorbing good offerings to keep the overall market balanced. Domestic buyers are having to plus the market to get the powder they need on a timely basis. Production is increasing seasonally across the region. One Western plant is down "for a couple of weeks" to make modifications to their installation. With the plant closing in Texas, more buyers are looking into the Western region as a replacement source for powder.

NONHYGROSCOPIC: .2100 - .2275 MOSTLY: .2175 - .2250

CALIFORNIA MANUFACTURING PLANTS

The weighted average price for Extra Grade and Grade A Nonfat Dry Milk for the seven day period ended March 20, on powder sales of 11,269,765 pounds f.o.b. California manufacturing plants was \$1.0308 per pound. This compares to 13,233,642 pounds at \$1.0295 for the previous week ending March 13, 1998. Prices for both periods were influenced by the effect of long-term contract sales. Compiled by the Dairy Marketing Branch, California Department of Food and Agriculture.

NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS

All reports represent carlot/trucklot quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

NONFAT DRY MILK - NORTHEAST and SOUTHEAST

Prices are mostly unchanged and the market tone remains weak. Production levels are moderate to heavy and plant stocks are ample. Spot demand is, at best, slow. DEIP orders are being filled, but some of these are nearing completion and fewer, smaller new DEIP bids are being accepted. With this in mind, most producers are not very optimistic about improvement in this market. Also, there are a growing number of reports of imported powder being offered at prices below the bottom of our range. Spot, domestic demand is slow and some producers continue to offer multi-load deals at attractive prices in an attempt to stimulate interest.

Includes EXTRA GRADE and GRADE A, all heat treatments

F.O.B. NORTHEAST: 1.0200 - 1.1100 MOSTLY 1.0300 - 1.0500
DELVD SOUTHEAST: 1.0550 - 1.0850

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices and the market tone are unchanged. However, an occasional report indicates a slight improvement in demand. Production levels are moderate. Some plants are busy drying skim and have little dryer time available for buttermilk. Sales of liquid buttermilk are a little more common and a way to ease the pressure on dryers. Plant stocks are closely balanced with needs. Some producers expressed the desire to get a few loads ahead before cream availability tightens and churning schedules move into summer patterns.

F.O.B. NORTHEAST: .9400 - .9700
DELVD SOUTHEAST: .9400 - 1.0025

DRY WHOLE MILK - NATIONAL

Prices and the market tone are unchanged. Production levels are steady to a little lighter. Reportedly, mechanical problems over the weekend put one plant behind schedule and milk processing was disrupted for a few days. Plant stocks are adequate to meet current needs. Demand is slow to fair. Producers are still making quite a bit of powder for export under existing DEIP contracts. The Commodity Credit Corp. (CCC) invites offers, subject to terms and conditions of each applicable announcement, to sell to CCC, under WME-1 approximately 2,500 MT of dry whole milk for use in export programs.

F.O.B. PRODUCING PLANT: 1.3000 - 1.3700

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 1997 THROUGH MARCH 20, 1998
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	--	86,804	MT (191,779,145 LBS)
CHANGE	--	1,760	MT (3,880,096 LBS)
WHOLE MILK POWDER	--	7,487	MT (16,505,840 LBS)
Program allocations filled			
CHEESE	--	2,970	MT (6,547,662 LBS)
CHANGE	--	22	MT (48,501 LBS)
BUTTERFAT	--	15,610	MT (34,413,806 LBS)

Allocations for the DEIP year beginning July 1, 1997, are:
Nonfat dry milk - 92,217 MT; Whole Milk Powder - 7,487 MT;
Cheese - 3,510 MT; Butterfat - 34,232 MT.

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are mostly steady and the market tone is mixed. Some contacts have moved powder offshore and have fairly balanced stocks; others, however have ample stocks to move. Some price discounting is evident, but there are also instances of producers asking for premiums. Contacts at all levels of the market report seldom better than slow demand and little market activity. The market has been this way for several weeks.

F.O.B. NORTHEAST:	EXTRA GRADE	.2225 - .2475
	USPH GRADE A	.2500 - .2550
DELVD SOUTHEAST:		.2500 - .2800

ANIMAL FEED WHEY - NORTHEAST

Prices remain too few to report. The market tone remains weak. Offerings are more than adequate to meet the slow spot demand. Buyers continue to wait for better prices before making sizeable, spot purchases.

F.O.B. NORTHEAST: MILK REPLACER TFEWR

EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. Demand for canned evaporated milk is up slightly and typical of the upcoming Easter/Passover holidays as some retailers put features into effect. Production levels are moderate to slightly heavier where surplus milk volumes are starting to increase. Plant stocks are light to adequate and sufficient to meet current needs.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$22.50 - 33.00

Excluding promotional and other sales allowances. Included new price announcements.

CASEIN - NATIONAL

Casein prices are unchanged, although the market tone is weak. Stock levels are readily available for current needs. Second quarter contracts are in place and handlers do not anticipate any problems with delivery schedules. Production schedules in sourcing countries are mixed, edging lower in Oceania as their production season draws to a close while output in Europe is building.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET:	2.1500 - 2.2000
ACID:	2.0000 - 2.1500

MONTHLY COLD STORAGE REPORT - TOTAL U.S. STOCKS

NOTE: Data for this report is collected from public, private and semiprivate warehouses, apple houses, and meat packing plants where food products are generally stored for 30 days or more. Commodities in space owned or leased and operated by the armed services are not reported. Food stocks held under bond are included in the storage data.

All stocks in thousand pounds except where otherwise indicated.

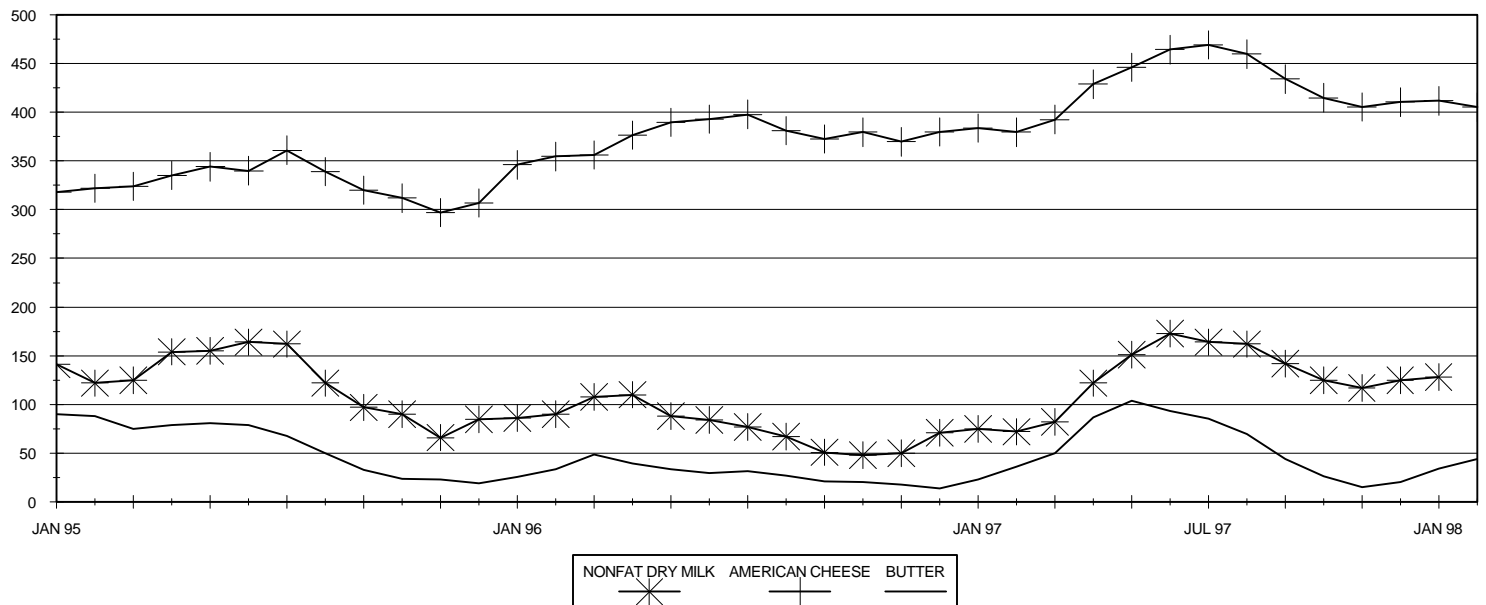
U.S. HOLDINGS OF DAIRY PRODUCTS						
COMMODITY	JAN 31, 1996	JAN 31, 1997	REVISED JAN 31, 1998	FEB 28, 1996	FEB 28, 1997	FEB 28, 1998
Cream	1,221	---	---	1,349	---	---
Butter	25,476	23,166	34,166	33,670	35,976	44,064
Evap. & Cond. Milk	788	---	---	924	---	---
Cheese, Natural American	346,143	383,791	411,764	354,588	379,446	404,973
Cheese, Swiss	8,805	13,702	14,380	9,353	13,513	15,456
Cheese, Other Natural	115,283	104,046	67,347	119,102	101,663	71,674
GOVERNMENT OWNED COLD STORAGE HOLDINGS FOR THE U.S.						
Butter	3,406	161	160	3,512	347	110
Natural American Cheese	78	141	103	105	31	183

FEBRUARY COLD STORAGE HOLDINGS BY REGION									
REGION	Natural American Cheese			Butter			Other Natural Cheese		
	1996	1997	1998	1996	1997	1998	1996	1997	1998
New England	12,968	16,260	23,122	4,091	4,398	4,387	99	208	78
Middle Atlantic	37,256	32,862	39,783	4,545	3,488	1,983	17,797	5,744	8,514
East North Central	200,948	214,357	229,782	6,808	13,624	25,546	89,942	82,193	53,683
West North Central	55,291	61,087	56,704	5,264	2,997	1,595	1,842	3,070	2,359
South Atlantic	175	306	322	1,430	1,171	1,203	3,781	4,962	643
East South Central	171	182	196	705	281	66	3,701	2,527	1,487
West South Central	67	641	293	5,432	578	3,627	76	79	74
Mountain	17,829	14,363	9,425	1,338	337	170	1,140	711	801
Pacific	29,883	39,388	45,346	4,057	9,102	5,487	724	2,169	4,035
TOTAL	354,588	379,446	404,973	33,670	35,976	44,064	119,102	101,663	71,674

*Regional breakdowns are not reported to avoid possible disclosure of individual operations.

COLD STORAGE HOLDINGS 1995 TO DATE
COMBINED GOVERNMENT AND COMMERCIAL

MILLION POUNDS



COMMERCIAL AND GOVERNMENT STORAGE HOLDINGS, JANUARY 1997 TO DATE

Month	Butter						Natural American Cheese						Nonfat Dry Milk					
	Total <u>1/</u>		Commercial		Government		Total <u>1/</u>		Commercial		Government		Total <u>1/ 2/</u>		Commercial		Government <u>2/</u>	
	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997
	Million Pounds						Million Pounds						Million Pounds					
January	34	23	34	23	<u>3/</u>	<u>3/</u>	412	384	412	384	<u>3/</u>	<u>3/</u>	128	75	104	75	24	<u>3/</u>
February	44	36	44	36	<u>3/</u>	<u>3/</u>	405	379	405	379	<u>3/</u>	<u>3/</u>		72		72		<u>3/</u>
March		50		50	<u>3/</u>	<u>3/</u>		392		392	<u>3/</u>	<u>3/</u>		82		81		<u>3/</u>
April		87		86	<u>3/</u>	<u>3/</u>		429		429	<u>3/</u>	<u>3/</u>		122		121		<u>3/</u>
May		104		103		1		446		446	<u>3/</u>	<u>3/</u>		151		151		<u>3/</u>
June		94		93	<u>3/</u>	<u>3/</u>		464		464	<u>3/</u>	<u>3/</u>		173		173		<u>3/</u>
July		86		85	<u>3/</u>	<u>3/</u>		469		469	<u>3/</u>	<u>3/</u>		164		161		3
August		69		69	<u>3/</u>	<u>3/</u>		459		459	<u>3/</u>	<u>3/</u>		162		156		5
September		44		43	<u>3/</u>	<u>3/</u>		434		434	<u>3/</u>	<u>3/</u>		142		134		8
October		27		26	<u>3/</u>	<u>3/</u>		415		415	<u>3/</u>	<u>3/</u>		125		111		14
November		15		15	<u>3/</u>	<u>3/</u>		405		405	<u>3/</u>	<u>3/</u>		117		95		21
December		21		20	<u>3/</u>	<u>3/</u>		410		410	<u>3/</u>	<u>3/</u>		125		103		22

NA = Not available. 1/ Total may not add due to rounding. 2/ Includes instant nonfat dry milk. 3/ Less than 500,000 lbs.

COMMERCIALLY OWNED COLD STORAGE HOLDINGS FOR THE UNITED STATES 1/

Commodity	Jan 31, 1996	Jan 31, 1997	Jan 31, 1998	Feb 29, 1996	Feb 28, 1997	Feb 28, 1998
	Thousand Pounds					
Butter	22,070	23,005	34,006	30,158	35,629	43,954
Natural American Cheese	346,065	383,650	411,661	354,483	379,415	404,790

1/ Total holdings minus Government owned holdings. For more information, see page 7 of this report.

SOURCE: "Cold Storage," Co St 1 (3-98) and "Dairy Products," Da 2-6 (3-98), Agricultural Statistics Board, National Agricultural Statistics Service; and "Summary of Processed Commodities in Store," Agricultural Stabilization and Conservation Service.

**MAILBOX MILK PRICES FOR SELECTED FEDERAL MILK ORDERS,
ANNUAL AVERAGES 1995-1997, WITH COMPARISONS 1/**

Federal Milk Order <u>2/</u>	Annual Averages <u>3/</u>			1997 Compared to:	
	1995	1996	1997	1996	1995
	Dollars per cwt.				
New England <u>4/</u>	12.05	14.22	13.20	-1.02	1.15
New York-New Jersey	12.16	14.18	12.75	-1.43	0.59
Middle Atlantic	12.25	14.37	12.94	-1.43	0.69
Northeast Average <u>3/</u>	12.16	14.24	12.91	-1.33	0.75
Carolina	12.85	15.92	14.34	-1.58	1.49
Tennessee Valley <u>5/</u>	12.50	15.25	---	---	---
Southeast	12.65	15.05	13.56	-1.49	0.91
Florida Orders Combined	14.13	17.26	15.89	-1.37	1.76
Southeast Average <u>3/</u>	13.12	15.78	14.37	-1.41	1.25
Southern Michigan	12.09	14.20	12.93	-1.27	0.84
Eastern Ohio-Western Pa.	12.27	14.39	12.92	-1.47	0.65
Ohio Valley	12.18	14.52	12.99	-1.53	0.81
Indiana	12.10	14.37	13.08	-1.29	0.98
Chicago Regional	12.37	14.36	13.21	-1.15	0.84
S. Illinois-E. Missouri	11.70	13.99	12.71	-1.28	1.01
Louis.-Lex.-Evans.	12.25	14.71	13.29	-1.42	1.04
Upper Midwest	12.18	14.19	12.92	-1.27	0.74
Nebraska-Western Iowa	11.85	13.94	12.73	-1.21	0.88
Iowa	12.22	14.20	12.95	-1.25	0.73
Midwest Average <u>3/</u>	12.20	14.29	13.04	-1.25	0.84
Texas	11.98	14.03	12.82	-1.21	0.84
Southwest Plains	11.50	13.63	12.28	-1.35	0.78
Eastern Colorado	12.07	13.96	12.23	-1.73	0.16
S.W. Idaho-E. Oregon	11.52	13.32	11.64	-1.68	0.12
Great Basin	11.40	13.30	11.68	-1.62	0.28
New Mexico-West Texas	10.63	12.98	12.01	-0.97	1.38
Pacific Northwest	11.37	13.54	12.36	-1.18	0.99
West Average <u>3/</u>	11.56	13.61	12.29	-1.32	0.73
All Market Average <u>3/</u>	12.13	14.28	12.99	-1.29	0.86

1/ Net pay price received by dairy farmers marketing milk to handlers regulated under the Federal milk orders. Includes all payments received for milk sold and all costs associated with marketing the milk. Price is reported at the market average butterfat test. Also, for some orders, price is a weighted average for all pricing zones in the order. 2/ Federal milk orders for which information could be released. 3/ All averages are weighted using the proportion of monthly producer deliveries marketed under the respective order or group of orders for which the price is reported. 4/ Includes Northeast Dairy Compact Over Order Producer Price. 5/ This order was terminated 10/1/97.

SUMMARY OF PACKAGED SALES OF FLUID MILK PRODUCTS IN FEDERAL MILK ORDER MARKETING AREAS AND CALIFORNIA, GROUPED BY REGIONS, BY MONTHS, 1997 ^{1/}

Month	Fluid milk sales by region ^{2/}					
	Northeast	Southeastern	Midwest	Southwest	Far West	Total ^{3/}
	Million pounds					
January	840	834	1,284	406	1,056	4,420
February	748	737	1,132	353	946	3,916
March	825	794	1,222	368	1,037	4,247
April	792	775	1,188	372	1,000	4,127
May	827	785	1,230	373	1,027	4,242
June	744	705	1,064	338	958	3,810
July	765	743	1,124	356	991	3,980
August	774	766	1,175	378	1,015	4,108
September	816	784	1,216	380	1,052	4,247
October	835	812	1,265	396	1,075	4,382
November	790	753	1,185	366	995	4,088
December	843	798	1,240	365	1,030	4,277
Total ^{3/}	9,599	9,286	14,326	4,452	12,182	49,845

^{1/} These figures are representative of the consumption of fluid milk products in Federal milk order marketing areas and California. Fluid milk products include: plain and flavored whole milk, plain, solids added, and flavored lowfat and skim milk, buttermilk, and miscellaneous fluid milk products. ^{2/} See the table below for the Federal milk order marketing areas included in each region. California is included in the Far West region. ^{3/} May not add due to rounding.

SOURCE: Monthly summaries of "Federal Milk Order Market Statistics", AMS, USDA, and "California Dairy Information Bulletin," California Agricultural Statistics Service and Milk Stabilization Branch of the California Department of Food and Agriculture.

FEDERAL MILK ORDER MARKETING AREAS GROUPED BY REGION

Northeast

New England
New York-New Jersey
Middle Atlantic

Southeastern

Carolina
Upper Florida
Southeast
Tampa Bay
Southeast Florida
Southeastern Florida

Midwest

Southern Michigan
E. Ohio-W. Pennsylvania
Ohio Valley
Michigan Upper Peninsula
Chicago Regional
Louisville-Lex.-Evans.
Indiana
S. Illinois-E. Missouri
Central Illinois
Upper Midwest
Eastern South Dakota
Iowa
Nebraska-Western Iowa
Greater Kansas City

Southwest

Southwest Plains
Texas

Far West

Eastern Colorado
Great Basin
Western Colorado
Central Arizona
New Mexico-West Texas
S.W. Idaho-E. Oregon
Pacific Northwest

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